

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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EB-08 FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 SIL-01
OMB-01 CEA-01 STR-07 ACDA-12 NSCE-00 SSO-00
USIE-00 INRE-00 DOE-15 SOE-02 IO-13 DOEE-00 HA-05
AGRE-00 /132 W

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O R 271117Z MAR 78
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC IMMEDIATE 5142
INFO AMEMBASSY ANKARA
AMEMBASSY NICOSIA

LIMITED OFFICIAL USE SECTION 1 OF 2 ATHENS 2486

EO 11652: NA
TAGS: EGEN, EAID, PGOV, MASS, GR
SUBJ: SECURITY ASSISTANCE: COUNTRY DATA SHEETS -- GREECE

REF: STATE 75638

FOLLOWING DATA, COMPILED FROM UNCLASSIFIED SOURCES, IS PROVIDED
IN ACCORDANCE WITH REFTEL INSTRUCTIONS:

I. GREECE

A. ECONOMIC PROFILE.

1. POPULATION.

(A) SIZE: 9,167,190 (MID-1976 ESTIMATE).
(B) RATE OF GROWTH (PERCENTAGE: 1971 - 0.43, 1962- 0.65,
1973 - 0.46, 1974 - 0.37, 1975 - 0.94, 1976 - 1.33.
(C) NUMBER OF BIRTHS ANNUALLY: 1976 - 146,972; 1971-76
AVERAGE - 142,074.

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2. INCOME.

(A) 1977 PER CAPITA INCOME: \$2,856 (CURRENT MARKET PRICES).
(B) AVERAGE RATE OF GROWTH OF PER CAPITA INCOME, 1968-77:
5.4 PERCENT (IN CONSTANT 1970 DRACHMA PRICES).

3. GROWTH.

(A) RATE OF OVERALL REAL GROWTH IN GNP, 1970-75: 35 PERCENT.

(B) GNP DROPPED IN 1974 BY 3.8 PERCENT AS A RESULT OF STRONGLY RESTRICTIVE POLICY MEASURES EARLY IN 1974 FOLLOWING AN OVERHEATING OF THE ECONOMY, THE 1974 CYPRUS CRISIS, THE RISE IN OIL PRICES, AND THE WORLD SLUMP. THE RECENT SLOWDOWN OF GNP GROWTH IS ATTRIBUTED TO A DROP IN AGRICULTURAL PRODUCTION BECAUSE OF ADVERSE WEATHER CONDITIONS, LAGGING INVESTMENT ACTIVITY, AND LACK OF EXPORT GROWTH.

4. BALANCE OF PAYMENTS: THE BALANCE-OF-PAYMENTS SITUATION IS RATHER FAVORABLE DESPITE SOME STRUCTURAL WEAKNESSES. EXPORTS AMOUNT OF 40 PERCENT OF IMPORTS. THE TRADE DEFICIT REACHED \$3.9 BILLION IN 1977 WITH THE CURRENT ACCOUNT DEFICIT AT \$1.25 MILLION--SLIGHTLY ABOVE THE LEVEL OF THE THREE PREVIOUS YEARS--DUE TO HIGH INVISIBLE RECEIPTS (SHIPPING, EMIGRANT AND WORKER REMITTANCES, AND TOURISM). LARGE PRIVATE CAPITAL INFLOWS (MAINLY DEPOSITS IN FOREIGN EXCHANGE BY GREEKS WORKING ABROAD) REDUCED THE OFFICIAL BORROWING REQUIREMENT TO BELOW \$0.5 BILLION. RESERVES EXCEEDS \$1 BILLION.

5. TRADE.

(A) TOTAL EXPORTS IN 1976 REACHED \$2,563.2 MILLION (CUSTOMS DATA). MAJOR ITEMS EXPORTED THAT YEAR WERE (DOLLARS IN MILLIONS) MANUFACTURED GOODS - 1,110.8; FOOD AND LIVE ANIMALS - 575.5; AND CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS - 257.5.
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(B) TOTAL EXPORTS TO U.S., 1976: \$146.5 MILLION (5.7 PERCENT OF TOTAL).

(C) TOTAL IMPORTS FROM U.S., 1976: \$411.8 MILLION (8.4 PERCENT OF TOTAL).

(D) GREECE DEPENDS ON ITS EXPORTS TO NARROW THE GAP OF ITS TRADE BALANCE. IT IS HIGHLY DEPENDENT ON ITS EXPORTS TO THE EC (55 PERCENT OF TOTAL). GREEK EXPORTS DURING 1976 COVERED 11.3 PERCENT OF GNP (CURRENT MARKET PRICES). TEXTILES WERE THE LARGEST SINGLE CATEGORY OF PRODUCTS (YARNS, FIBERS, APPAREL) EXPORTED DURING 1976 (20 PERCENT OF TOTAL EXPORTS), WITH AN UPWARD TREND IN 1977.

6. LITERACY RATE: 86 PERCENT OF POPULATION OVER 10 YEARS OLD (1971 CENSUS).

7. LIFE EXPECTANCY: MALES - 70 YEARS, FEMALE - 73 YEARS (1970 DATA).

8. PEOPLE PER DOCTOR: 491 (1975 DATA).

9. NUTRITION: CALORIC INTAKE AS PERCENT OF REQUIREMENT IS 128.0 (1969-71).

B. POLITICAL SITUATION.

1. FORM OF GOVERNMENT: GRECE IS A DEMOCRATIC PARLIMENTARY (UNICAMERAL) REPUBLIC.

2. PARTICULAR PROBLEMS: GREECE EMERGED FROM SEVEN YEARS OF MILITARY DICTATORSHIP IN 1974. SUBSEQUENTLY, DEMOCRATIC INSTITUTIONS HAVE REVIVED AND ARE FUCTIONING WELL. EXTERNALLY, GREECE IS CONCERNED ONLY ONLY BY THE WARSAW PACT THREAT, BUT ALSO BY CONTINUING TENSION WITH TURKEY OVER THE AEGEAN SEA AND CYPRUS ISSUES.

C. HUMAN RIGHTS CONDITIONS: HUMAN RIGHTS ARE FULLY PROTECTED BY THE GREEK CONSTITUTIONS AND WELL-RESPECTED IN LIMITED OFFICIAL USE

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PRACTICE.

II. U.S. INTERESTS AND POLICIES.

A. POLITICAL: THE PRINCIPAL U.S. INTEREST IS IN THE CONTINUED GROWTH AND DEVELOPMENT OF A STABLE, DEMOCRATIC GREECE WHICH WILL REMAIN A PARTNER OF THE WEST POLITICALLY, ECONOMICALLY, AND MILITARILY. OUR POLICY IS TO UNDERLINE CLEARLY OUR COMMITMENT TO SUPPORTING GREEK DEMOCRACY AND TO ASSISTING GREECE'S ECONOMIC AND SOCIAL DEVELOPMENT.

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C O R R E C T E D C O P Y (PARA. 2. CORRECTED)

B. SECURITY: OUR SECURITY INTEREST IS FOR GREECE TO BE A VIABLE PARTNER WITHIN THE NATO ALLIANCE, THUS AFFORDING A PARTNERSHIP WHICH SERVES TO PROTECT NATO'S VITAL SOUTHERN FLANK AND TO DENY WARSAW PACT FORCES THE OPPORTUNITY FOR EXPANSION. U.S. POLICIES ARE TO PROVIDE CONTINUING SUPPORT FOR A DEMOCRATIC GREECE, ENCOURAGE A RETURN TO FULL PARTICIPATION IN NATO, HELP MODERNIZE HER ARMED FORCES, AND FACILITATE EXISTING BASE ARRANGEMENTS IN GREECE FOR U.S. AND NATO FORCES.

C. ECONOMIC.

1. IN 1976, GREEK-U.S. TRADE HELD ITS SHARE IN TOTAL GREEK EXPORTS AND IMPORTS AT 1975 LEVELS. THE FIRST NINE MONTHS OF 1977 SHOW A SLIGHT DECLINE OF MARKET SHARES. TRENDS ARE FAVORABLE IN VIEW OF THE CONTINUING GROWTH OF THE GREEK ECONOMY, DEVELOPMENT PROGRAMS, AND THE ANTICILIMITED OFFICIAL USE

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PATED UPSWING IN PRIVATE INVESTMENT, DESPITE EUROPEAN AND JAPANESE COMPETITION AND THE PROGRESSIVE TARIFF REDUCTIONS ON EC PRODUCTS.

2. U.S.-CONTROLLED INVESTMENT IS ESTIMATED AT \$367 MILLION, OR ABOUT 40 PERCENT, OF THE APPROXIMATELY \$900 MILLION IN TOTAL FOREIGN INVESTMENT BETWEEN 1953 AND 1977 (CAPITAL AND MACHINERY IMPORTED UNDER PL 2687). IT IS BROKEN DOWN AS FOLLOWS (DOLLARS IN MILLIONS): MANUFACTURING - 286, OIL EXPLORATION - 46, MINING AND SMELTING - 18, TOURISM - 14, AND OTHER - 3.

3. GREECE'S SIGNIFICANCE AS A REGIONAL CENTER FOR U.S. FIRMS GREW DRAMATICALLY IN RECENT YEARS BECAUSE OF HER LOCATION AT THE CROSSROADS OF EUROPE, THE MIDDLE EAST AND AFRICA, AND AS A RESULT OF THE LEBANESE CIVIL WAR. ABOUT 20 U.S. FIRMS HAVE ESTABLISHED REGIONAL OFFICES IN ATHENS.

III. FOREIGN ASSISTANCE PROGRAMS.

A. U.S. BILATERAL (1977, 1978, 1979).

Q. DEVELOPMENT: NONE.

2. PL 480: NONE.

3. SECURITY ASSISTANCE PROGRAMS (DOLLARS IN THOUSANDS)
(FY-77 FIGURES ARE ACTUAL; FY-78, ESTIMATED; FY-79, PROPOSED).

(A) FMS FINANCING: FY-77: 122,000; FY-78: 140,000; FY-79:

122. NOTE THAT, IF THE DCA SHOULD COME INTO EFFECT IN
FY-78, THE LEVEL OF FMS FINANCING REQUESTED FOR FY-79 WILL
BE REVISED TO REFLECT THE LEVEL AGREED UPON FOR THE SECOND, RATHER
THAN THE FIRST, YEAR OF THE DCA, I.E., 140,000.
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(B) MAP: FY-77: 33,000; FY-78: 33,000; FY-79: 812. NOTE
THAT THE FY-79 FIGURE INCLUDES SUPPLY OPERATIONS ONLY, BUT THAT,
IF THE DCA SHOULD COME INTO EFFECT, THE ADMINISTRATION
WOULD REQUEST A SUPPLEMENTAL APPROPRIATION TO MEET ADDITIONAL
1979 FUNDING REQUIREMENTS AS PROVIDED IN THE DCA, SPECIFICALLY
35,000 IN THE EVENT THE DCA COMES INTO EFFECT IN
FY-78, OR 53,000 IF DCA ENTERS INTO EFFECT IN
FY-79.

(C) IMET PROGRAM: FY-77: 976; *6-78: 2,000; FY-79: NONE.
NOTE THAT THE ADMINISTRATION IS NOT REQUESTING IMET FUNDS
FOR FY-79 PENDING APPROVAL OF A DCA.

(D) SSA: NONE DURING THIS PERIOD, ALTHOUGH IT SHOULD BE NOTED
THAT AID EXTENDED A \$65 MILLION COMMODITY IMPORT LOAN TO
GREECE IN THE TRANSITIONAL QUARTER OF FY-76, TO BE DRAWN PRIOR
TO THE END OF FY-78, AS BALANCE OF PAYMENTS SUPPORT UNDER SECURITY
SUPPORTING ASSISTANCE.

(E) FOREGOING DOES NOT INCLUDE CCC CREDITS AND EXIMBANK
PROGRAMS.

B. IFI PROGRAMS.

1. IBRD: BANK LENDING TO GREECE, WHICH BEGAN IN 1968,
HAS TOTALLED 13 LOANS FOR \$339.9 MILLION (NET OF CANCEL-
LATIONS) UP TO JUNE 1977. ON JUNE 27, 1977, AN ADDITIONAL
LOAN AGREEMENT WAS SIGNED FOR \$35 MILLION (EVROS DEVEL-
OPMENT PROJECT).

2. IFC: IFC INVESTMENTS TOTALLED \$16.1 MILLION IN SIX
GREEK COMPANIES ON JUNE 1977. IN ADDITION, IFC PARTICI-
PATED IN AUGUST 1977 WITH \$5 MILLION IN A \$40 MILLION
LOAN BY A CONSORTIUM OF FOREIGN BANKS TO THE GREEK NATIONAL
INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT.

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3. IMF: TOTAL DRAWINGS AT THE END OF 1977 AMOUNTED TO 282.3 MILLIONS SDR'S, OF WHICH 69 MILLION ARE TRANCHE DRAWINGS; 58 MILLION, COMPENSATORY DRAWINGS; AND 155.3 MILLION, OIL FACILITY DRAWINGS. TOTAL REPAYMENTS BY PURCHASE WERE 71.3 MILLION SDR'S. NET DRAWINGS (END 1977) WERE THUS 211 MILLION SDR'S.

C. OTHER DONORS.

1. EC, SECOND FINANCIAL PROTOCOL: 280 MILLION UNITS OF ACCOUNT. NO DISBURSEMENTS HAVE BEEN MADE PENDING RATIFICATION FROM EC MEMBER COUNTRIES. (EXTENDED 1977.)

2. FRG LOAN: DM 1800 MILLION (30 YEARS). DM 60 MILLION DISBURSED. EXTENDED 1974.)

3. GREEK-FRENCH FINANCIAL PROTOCOL: FF 125 MILLION, OF WHICH FF 25 MILLION IS AN INTER-STATE LOAN (15 YEARS) AND FF 100 MILLION IS CREDIT (5 OR 10 YEARS). EXPENDED 1977.)

4. UN: THE UNDP COUNTRY PROGRAM FOR 1977-81 PROVIDES FOR A \$9.8 MILLION OUTLAY, OF WHICH \$7.5 MILLION IS NEW FUNDS (THE SAME AMOUNT AS IN THE PRECEDING 5-YEAR PERIOD) AND \$2.3 MILLION IS A CARRY-OVER FROM ONGOING PROJECTS.

5. FRG MILITARY ASSISTANCE: IN ADDITION TO ITS PROGRAM OF MILITARY SALES TO GREECE, THE FRG PERIODICALLY FURNISHES SELECTED ITEMS OF MILITARY EQUIPMENT WHICH HAVE BEEN DELETED FROM HER INVENTORY ON A "GRATIS" BASIS. (IT IS BELIEVED THAT ALL OTHER THIRD-COUNTRY TRANSACTIONS TO PROCURE MILITARY HARDWARE FOR THE GREEK ARMED FORCES ARE ON A STRICTLY CASH BASIS.)

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IV. OBJECTIVES OF U.S. ASSISTANCE.

A. DEVELOPMENT AID: NOT APPLICABLE, SINCE AID PROGRAMS WERE PHASED OUT AT THE END OF FY-65.

B. PL 480: NOT APPLICABLE.

C. SECURITY ASSISTANCE--CURRENT OBJECTIVES:
(NOTE THAT A CLASSIFIED VERSION IS AVAILABLE IN THE CURRENT EDITION OF THE MSAP.) THE SA PROGRAM IS DESIGNED

TO PROVIDE A CONTINUING INDICATION OF U.S. SUPPORT FOR A
DEMOCRATIC GREECE; SUPPORT OUR EFFORTS TO ENCOURAGE GREECE
TO RETURN TO FULL PARTICIPATION IN THE NATO INTEGRATED
MILITARY COMMAND STRUCTURE; HELP MODERNIZE THE GREEK
ARMED FORCES; HELP MAINTAIN--WITHIN THE CONSTRAINTS OF U. .
ARMS TRANSFER POLICY--A PATTERN OF GREEK MILITARY PROCUREMENT
WHICH PRESERVES THE COMPATABILITY OF GREEK
AND U.S. WEAPONS; AND FACILITATES EXISTING MILITARY BASE
ARRANGEMENTS IN GREECE FOR U.S. AND NATO FORCES.

V. OTHER INFORMATION RELEVANT TO U.S. FOREIGN ASSISTANCE:
GREEK ARMS PROCUREMENT IS A PRODUCT NOT ONLY OF HER CONCERN
FOR THE WARSAW PACT THREAT, BUT ALSO OF HER CONTINUING TEN-
SIONS WITH TURKEY OVER THE CYPRUS ISSUE AND OVER RIGHTS IN
THE AEGEAN SEA. THE TYPES AND QUALITIES OF U.S. EQUIP-
MENT ENVISAGED FOR TRANSFER TO GREECE ARE WITHIN NATO
PLANNING GUIDELINES AND HOUSL NOT HAVE AN ADVERSE IMPACT
ON STABILITY IN THE REGION OR ON ARMS CONTROL EFFECTS
THERE. THE MATERIAL INVOLVED REPRESENTS MODERNIZATION AND
REPLACEMENT OF OBSOLESCENT EQUIPMENT, AND REFLECTS STAND-
ARDIZATION OF EQUIPMENT AS ADVOCATED BY NATO AND THE
RATIONALIZATION OF NATO DEFENSE TASKS.
MCCLOSKEY

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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3199350
Secure: OPEN
Status: NATIVE
Subject: SECURITY ASSISTANCE: COUNTRY DATA SHEETS -- GREECE
TAGS: EGEN, EAID, PGOV, MASS, GR, TU, CY
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3ac812bd-c288-dd11-92da-001cc4696bcc
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